

Service Date: December 16, 1980

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * *

IN THE MATTER of the Application)
of the CITY OF COLUMBIA FALLS)
To Reduce The Sprinkling Rate,) UTILITY DIVISION
Eliminate The Multiple Use Rate,) DOCKET NO. 80.8.62
and Modify Other Rates and Schedu-) ORDER NO. 4730
les.)

PROPOSED ORDER

APPEARANCES

FOR THE APPLICANT:

Roger Elliott, CPA, P O Box R, Columbia Falls, Montana 59912

FOR THE INTERVENORS:

James C. Paine, Montana Consumer Counsel, 34 West 6th Avenue,
Helena, Montana 596020

FOR THE COMMISSION

Calvin Simshaw, Staff Attorney, 1227 - 11th Avenue, Helena,
Montana 59620

BEFORE:

George Turman, Commissioner

FINDINGS OF FACT

1. On August 13, 1980, the City of Columbia Falls filed an application for authority to modify its water rates, eliminate multiple use rates, to reduce the rate for sprinkling and to

amend Schedule E of the tariff relating to the special regulation applicable to periods of Extreme Low Temperature.

2. On September 10, 1980, at 10:00 A.M. pursuant to notice of public hearing, a public hearing was held in the City Council Chambers, City Hall, Columbia Falls, Montana. The purpose of the public hearing was to consider the merits of the Applicant's proposed water rate adjustments.

3. At the public hearing the City presented the testimony and exhibits of Roger Elliott.

4. Seven public witnesses testified at the public hearing. The testimony of the witnesses was diverse regarding the acceptability of the proposed changes.

5. It was the Applicant's contention that the proposed changes in the rate structure were necessary due to the elimination of the multiple use charge, the decrease in the sprinkling rate and the City's opinion that the Commission would not approve a sprinkling rate lower than the lowest block rate. Applicant further contended that the proposed rate restructuring would not result in an increase in revenues above the level authorized by this Commission in Docket No. 6687, Order No. 4568.

6. In part the City's case relies upon the record in Docket No. 6687 and therefore incorporated the record in that Docket in the proceeding presently before this Commission by referencing Docket No. 6687 in its Resolution No. 634 which instituted this proceeding.

7. The Commission concurs with the City's assumption that it is necessary to incorporate the record of Docket No. 6687 in this proceeding. For the Commission to properly evaluate the changes proposed by the City in this Docket it is necessary for the Commission to compare data which is common to both Dockets.

8. The City's proposed rate adjustments were predicated on the assumption that it would be necessary to alter the rate structure presently in effect so that the City would not suffer a loss in revenue due to the elimination of the multiple user charge and the decrease in the tail blocks brought about by the decrease of the sprinkling rate.

9. Termination of the "Detail of Water Users -- Period Ending June 30, 1978", which was the document utilized in this docket and Docket No. 6687 for purposes of determining the revenue effect of the proposed rate changes, indicates that the revenue projections made utilizing this document considered the multiple users water consumption on a total basis as a single customer and did not give consideration to the increase in revenue that would result from the shift from the higher consumption level as a single customer, carrying a lower rate, to a per unit basis charge carrying a higher rate due to the lower consumption level.

10. Consistent with Finding of Fact No. 9 the Commission finds that the City as a result of the implementation of a multiple user charge as approved in Order No. 4568 has in fact been collecting revenues in excess of those authorized in said order. The Commission further finds that the elimination of the multiple user charge will not result in any reduction in the revenue level as authorized in Order No. 4568 due to the fact that any increase

in revenue resulting from the assessment of the multiple user charge was not recognized in that proceeding.

11. Regarding the City's request to eliminate the multiple user charge the Commission finds it appropriate to eliminate said charge considering the fact that no decrease in the revenue level authorized in Order No. 4568 will result, the City has experienced numerous problems implementing the charge and the resulting customer dissatisfaction with the charge as implemented.

12. The rate structure proposed in this docket results in a decrease in the rates assessed large volume users and an increase in the rates assessed low and moderate volume users. The proposed reduction in rates to the large volume users is predicated on the assumption that the Commission will not grant a sprinkling rate lower than the lowest tail block rate. The proposed increase in rates to the low and moderate volume users is for the purpose of offsetting the revenue loss due to the decrease in rates proposed for the large volume users.

13. The Commission in Docket No.6687 examined the consumption levels and revenue contribution of commercial and industrial accounts (which are generally the largest users) and determined that those accounts consumption levels were greater than their revenue contributions. Absent a cost of service study and considering the relationship between consumption levels and revenue contribution the Commission is of the opinion that the rates currently in effect are reasonable.

14. The only reason put forth by the City for reducing the sprinkling rate currently in effect was customer resistance to

the increase in that rate. The Commission is aware that customer resistance to any increase always has an effect on revenues for a period of time but customer resistance to an increase in rates is not sufficient, in and of itself, reason to advocate a decrease in rates.

15. The Commission having considered Findings of Fact Nos. 11, 12 and 13 does not find it reasonable to shift the revenue burden from the large volume user to the low and moderate volume users.

16. The Commission having examined Schedule as currently is in effect and as proposed finds that the Schedule E currently in effect is more advantageous in view of the fact that it promotes conservation by the assessment of a higher charge on water for the purpose of this schedule.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission properly exercises jurisdiction over the subject matter and parties in this proceeding.

2. The Commission afforded all interested parties notice and opportunity to participate in these proceedings.

3. The rates approved herein are reasonable and just.

ORDER

IT IS ORDERED by the Commission that the City of Columbia Falls is authorized to eliminate the assessment of a multiple use

charge.

IT IS FURTHER ORDERED THAT the rates currently in effect and approved by this Commission shall remain in full force and effect.

IT IS FURTHER ORDERED that the Schedule E contained in the tariff presently approved and in effect shall remain in full force and effect.

IT IS FURTHER ORDERED that a full, true and correct copy of this order be sent forthwith by first class mail to the Applicant, and all other appearances herein.

IT IS FURTHER ORDERED, pursuant to 38.2.4802. ARM, that this is a proposed order. Any party shall have the opportunity to file exceptions to this initial decision, present briefs and make oral arguments before the entire Commission, provided such exceptions, briefs and requests for oral argument are presented to this Commission within twenty (20) days of the service date of this order.

DATED this 15th day of December 1980.

George Turman, Commissioner & Hearing Examiner

ATTEST:

Madeline L. Cottrill
Secretary
(SEAL)